



“U.S.-Venezuela Relations and the Path to a Democratic Transition”

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Chairman Rubio, Ranking Member Cardin, and distinguished members of the Subcommittee,

It is my privilege to address you today on the crisis in Venezuela and options for U.S. policy.¹

The dimensions of the governance, economic, and humanitarian crisis in Venezuela are well documented and well known. Equally well known are the surprising and heady events that have taken place in Venezuela since a heretofore unknown politician, Juan Guaidó, became interim president on January 23, 2019, inspiring the internal opposition and galvanizing a broad international response. As of March 5, 2019, fifty-four countries of the Western Hemisphere, Europe, and Asia have recognized Mr. Guaidó as Venezuela’s legitimate president, rejecting the results of a deeply flawed election held in May 2018 in which President Nicolás Maduro was ratified for a second term. A February 2019 poll by the Venezuelan polling firm Datanálisis has put Guaidó’s support at 61 percent of the population, compared to 14 percent for Maduro, a historic low. The combination of domestic and international pressures has raised hopes as perhaps never before that Venezuela’s experiment with “Twenty-First Century Socialism” will end, giving way to democratic change.

Yet there are bumps on the road. Both Maduro and Guaidó appear to believe that time is on their side. Despite hundreds of defections of army and National Guard foot soldiers, the Venezuelan armed forces and especially its senior leadership have remained loyal to Maduro. For how long will that continue? Will crippling U.S. sanctions, now extended to Venezuela’s all-important oil industry, divide *chavismo*? Or will sanctions rally even disaffected *chavistas* to swallow their criticisms and oppose outside “aggression?” As sanctions deepen an already catastrophic humanitarian situation, will a desperate public lose faith in Guaidó’s and the opposition’s ability to deliver relief from their crushing personal circumstances? Will the Maduro administration find a way to evade the sanctions, especially by finding other customers for Venezuelan oil? How can the United States and others in

¹ The views expressed in this testimony are the author’s own and do not necessarily reflect the views of the Wilson Center. I am grateful to my colleagues Benjamin Gedan, Rob Litwak, Catalina Casas, and Madalyn Medrano for their insights and research support.

the international community best position themselves to enhance the possibilities for a democratic transition that avoids or minimizes the potential for political violence or the use of force?

The Dimensions of the Crisis

President Nicolás Maduro presided over a skewed electoral process in May 2018, in which the government prohibited the principal opposition candidates from running and other practices affected the election's fairness and independence.²

Over the last several years, and especially since a wave of demonstrations in 2014 challenged his rule, Maduro has deployed a full range of repressive tactics to quell dissent and eliminate challenges to his authority. Government troops have killed hundreds of unarmed demonstrators, while under the guise of fighting crime, hundreds more have been executed in poor neighborhoods, many of them by a police unit loyal to Maduro, the *Fuerzas de Acciones Especiales* (Special Actions Forces, FAES), created in 2017. According to the leading human rights group *Foro Penal*, the number of political prisoners stood at 288 in December 2018. Torture of prisoners is commonplace, including—and perhaps especially—of members of the military accused of plotting against the government.³ Armed pro-government paramilitaries known as *colectivos* have terrorized government opponents, most recently and visibly by opening fire alongside members of the National Guard on activists attempting to deliver humanitarian aid to Venezuela from Colombian and Brazilian territory in late February 2019. Street crime is rampant. Venezuela's Violence Observatory reports that the country's rate of homicides in 2018 was the highest in Latin America, exceeding even the countries of Central America's Northern Triangle.

Venezuela's recent economic decline is breathtaking. Gross Domestic Product has shrunk by nearly half in the last five years, a period roughly corresponding to the date of Maduro's 2013 inauguration. According to oil industry sources, the output of the country's state-run oil industry, which provides over 90 percent of Venezuela's foreign exchange, has dropped by two-thirds, from approximately 3.1 million barrels per day (bpd) in 1998 when President Hugo Chávez was first elected to 1.15 million bpd in December 2018. The International Monetary Fund estimates that inflation in 2018 reached 1 million percent; and if that figure seems incomprehensible, the IMF predicts that inflation will reach a staggering 10 million percent this year. A recent survey by three of Venezuela's leading universities documented that fully 87 percent of the Venezuelan population live in poverty (up from 48.4 percent in 2014). This is not, as the Venezuelan government contends, the result of sanctions or foreign hostility, but the product of chronic mismanagement, staggering levels of corruption, and relentless hostility to the private sector, reflected in the expropriation of thousands of private companies over the last two decades. Adding to the misery of ordinary Venezuelans is the collapse of the health care system. The World Health Organization and Pan-American Health Organization

² An especially pernicious tactic was the placing of polling stations next to sites where Venezuelans had to renew their "Fatherland Card" (*Carnet de la Patria*), used to allot government-subsidized bags of food. See Michael Penfold, "Food, Technology, and Authoritarianism in Venezuela's Elections," April 18, 2018, <https://www.wilsoncenter.org/publication/food-technology-and-authoritarianism-venezuelas-elections>.

A resolution passed by the Organization of American States on June 5, 2018, said that the presidential election "lack[ed] legitimacy" and did not comply with international standards. The resolution passed, 19-4, with 11 abstentions. See http://www.oas.org/en/media_center/press_release.asp?sCodigo=S-032/18.

³ See Human Rights Watch, "Venezuela: Suspected Plotters Tortured," January 0, 2019, <https://www.hrw.org/news/2019/01/09/venezuela-suspected-plotters-tortured>.

have documented the extent to which hospitals and clinics lack the basic medicines and supplies to provide even a minimum level of care, and once-eradicated diseases such as measles, tuberculosis, diphtheria are on the rise—and are being exported to Venezuela’s neighbors through migratory flows.

In the face of political repression and economic calamity, as of February 2019 3.4 million Venezuelans had fled their homes in search of basic survival. The overwhelming majority have left since 2015. According to the United Nations, that is an average of 5,000 a day. In the words of UN-IOM Joint Special Representative of Venezuelan Refugees and Migrants Eduardo Stein, the Venezuelan migrant flows constitute “the largest displacement of people in the history of Latin America.”⁴ Colombia alone has over 1.1 million Venezuelans, followed by Peru (506,000), Chile (288,000), Ecuador (221,000), Argentina (130,000), and Brazil (96,000). The absolute numbers that have fled to countries of the Caribbean—Curaçao, Aruba, Trinidad and Tobago, the Dominican Republic, and others—are smaller, but constitute a much larger percentage of the island nations’ population overall.

Options for U.S. Policy

Over the past several years, and building on initial actions taken by the Obama administration, the Trump administration has dramatically escalated a range of sanctions—individual, financial, and most recently on the oil sector—in an effort to punish the anti-democratic and corrupt behavior of senior Venezuelan officials and to impose hardships that could lead to regime change. Over the last two administration, the most senior levels of the U.S. government have also worked to forge a hemispheric consensus in favor of strong multilateral action against the Maduro government. Latin American and some Caribbean countries themselves, deeply affected by the flood of Venezuelan refugees, have acted through the Lima Group⁵ and the Organization of American States to condemn the actions of the Maduro government and call for free elections, respect for human rights, and the delivery of humanitarian aid. Countries of the European Union have added their voices in support of these objectives. The Venezuelan opposition and Juan Guaidó in particular have called on the international community to intensify pressure on the Maduro administration, join the United States in financial and other sanctions, and help deliver humanitarian aid.

What follows is a discussion of the benefits and risks of various approaches available to the United States and others in the international community in support of a democratic outcome in Venezuela.

Sanctions

The purpose of sanctions is to increase substantially—and unacceptably—the political, economic, and personal costs of the status quo, such that supporters of the regime have reason to break with Maduro. The logic of sanctions is to change the calculus of core interest groups that keep the

⁴ Coordination Platform for Refugees and Migrants from Venezuela, *Regional Refugee and Migrant Response Plan, January – December 2019*, 5.

⁵ The Lima Group member states are Argentina, Brazil, Canada Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Panama, Paraguay, and Peru.

regime in power; sanctions are thus part of a strategy of coercive diplomacy aimed at modifying behavior or producing regime change.⁶

The literature on regime change indicates that divisions within the ruling elite of an authoritarian regime can make a democratic opening possible. In the case of Venezuela, economic pressure appears directed at creating fissures in the armed forces, Maduro's key source of support. These divisions might emerge—or become more pronounced—in light of the drastic economic impact of recently imposed U.S. oil sanctions. The effects of the oil sanctions will build over time, but their true political impact may not be known for many months.

However, there is no guarantee that even the most punishing sanctions will serve to divide the military hierarchy. The top echelons of the Venezuelan armed forces are deeply involved in corruption and organized crime,⁷ control key sectors of the economy (the state-owned oil company PDVSA, the mining industry, and food distribution, among others) and have a great deal to lose by abandoning the regime. There is the risk that sanctions will contribute to greater internal coherence, a 'circling of the wagons' against foreign efforts to topple the government. This appears to be the case, at least in the short run. For example, when Juan Guaidó and international relief agencies attempted to deliver humanitarian aid from across the border in Colombia and Brazil in late February, senior members of the armed forces remained united in their determination to block the supplies. Backed by the *colectivos*, government troops resorted to violence, killing a number of people and injuring hundreds. Recent interviews with *chavistas* also provide initial anecdotal evidence that even those critical of the country's leadership and direction reluctantly back the Maduro government in the face of U.S. pressure.⁸

There is also the devastating human cost of the oil sanctions, given the Maduro government's dependence on oil revenues to import food and medicine. As recommended by the Lima Group—and to mitigate the additional toll that sanctions will impose on already impoverished Venezuelans—the U.S. government and others in the international community should avoid politicizing the issue of humanitarian aid. To be effective, humanitarian aid must adhere to the principles of neutrality, impartiality, and independence. United Nations agencies, the local Red Cross, the International Committee of the Red Cross, and others relief organizations on the ground in Venezuela can provide expanded assistance that is need-based and free of political objectives. In addition, the United States should consider partially lifting oil sanctions against Venezuela in order to permit revenues from the sale of oil to be used strictly for the import of essential food and medicine.⁹ This assistance must be distributed by a neutral third party in Venezuela, not the government. It also must take place under international supervision, to avoid the corruption that has plagued such programs in the past.

Helping Nations Cope with the Regional Impacts of Venezuela's Meltdown

⁶ See Robert S. Litwak, *Outlier States: American Strategies to Change, Contain, or Engage Regimes* (Washington, D.C. and Baltimore: Woodrow Wilson Center Press and The Johns Hopkins University Press, 2012).

⁷ See InSight Crime, "Venezuela: A Mafia State?" 2018, <https://www.insightcrime.org/wp-content/uploads/2018/05/Venezuela-a-Mafia-State-InSight-Crime-2018.pdf>.

⁸ Ivan Briscoe, "Will Maduro's Supporters Abandon Him?" *Foreign Affairs*, February 25, 2019.

⁹ A similar argument is made by Francisco Rodríguez, "Why Venezuela needs an oil-for-food programme," *Financial Times*, February 27, 2019.

The accelerated collapse of Venezuela's economy will push ever more Venezuelans to migrate to neighboring countries. The United Nations reported in February that it expects the number of refugees to reach 5.3 million by the end of 2019, a more than 55 percent in just one year. Latin American countries have done a remarkable job in issuing residence permits and other documents to regularize the status of migrants, allowing them access public services and permission to work. Goodwill and generosity aside, however, the countries of the region simply do not have the service delivery capacity or financial resources to continue to address the emergency needs of such massive refugee flows or to absorb them on a permanent basis. All of the recipient nations are developing countries with their own challenges, including poverty, unemployment and informality, and the poor quality of government services such as health and education. It is only a matter of time before what have been up to now sporadic outbursts of violence and xenophobia aimed at refugees become more frequent and corrosive to the democratic and social fabric of Venezuela's neighbors. Given Latin America's overall lackluster economic performance in recent years, it is likely that resentment will grow among native-born populations.

The U.S. government, through USAID and the State Department's Bureau of Population, Refugees, and Migration, has pledged over \$152 million between fiscal years 2017-2019 for the Venezuela regional response. This is a significant amount, but still a fraction of the \$738 million called for in 2019 in the UN's 2019 *Regional Refugee and Migrant Response Plan*. Colombia alone requires over \$315 million, more than double what the United States has pledged to the entire region. It is risky in the current U.S. budget and political climate to call for higher levels of foreign aid. But the crisis in Venezuela has been elevated to a position of central concern to President Trump, the highest levels of his administration, and the U.S. Congress. As sanctions accelerate Venezuela's economic freefall, we should demonstrate our commitment to mitigating the additional suffering caused by these actions by providing resources commensurate with our capacity and stated foreign policy objectives.

Leading by example also requires that we treat Venezuelans who are in the United States or wish to come here with the same compassion exhibited by Venezuela's neighbors. I commend Senator Rubio and his colleagues on both sides of the aisle, and in both the House and Senate, who have encouraged the administration to grant Temporary Protected Status to Venezuelans in this country. While this normalizes the status of Venezuelans already in the United States, it does not by itself provide relief to those who have yet to enter. To accommodate Venezuelans who are compelled by circumstances to migrate, approval of TPS should be coupled with the expedited review of asylum claims. Another alternative is to raise the highly restrictive cap on refugee admissions to the United States, which in 2019 hit a historic low.

Military Intervention

Since President Trump first spoke publicly of a military option in August 2017, numerous senior U.S. officials have reiterated that "all options are on the table." There is undoubtedly psychological value in keeping the Maduro government guessing and off-balance with respect to U.S. intentions. But this threat has eroded the consensus between the United States, hemispheric democracies, and the countries of Europe over how to approach the Venezuelan crisis. I personally believe that the likelihood of U.S. military intervention in Venezuela is low. That said, one should not underestimate the drastic consequences for regional stability should it occur. Military action would undoubtedly provoke an armed response from Colombia's ELN guerrillas, many of whom are based in

Venezuelan territory where they have a significant presence in the illegal mining of gold.¹⁰ Some 1,500-2,000 members of Colombia's FARC guerrillas who refused to lay down their weapons following the 2016 peace agreement would also undoubtedly join the fray, as perhaps, would even some FARC members who did demobilize but whose lives remain precarious. The end result would be the regionalization of a conflict in which thousands of seasoned combatants come to the aid of the "Bolivarian revolution." Armed *colectivos*, estimated to number in the tens of thousands, have no battle training but are capable of waging a dirty, urban guerrilla war. In such circumstances, continued talk of a military option is nothing short of irresponsible.

Is A Pacted Regime Transition an Option?

It is possible that the combination of internal and external pressure on the Maduro administration that we are currently witnessing is sufficient to bring about a change of government or even the collapse of the authoritarian regime. It is also possible, however, that the regime will survive, becoming even more repressive in its determination to cling to power, expelling even more of its hungry citizens, and turning further to allies such as Russia (to purchase Venezuelan oil and provide some food and medicine) Turkey (to monetize Venezuelan gold), and others to mitigate the effects of U.S. sanctions. The role of Cuban advisers in identifying and neutralizing internal threats from within the armed forces is likely to increase, especially in light of increased U.S. hostility to the Cuban regime.

Theories of transition, whether from dictatorship to democracy or from war to peace, emphasize the role of "hurting stalemates"¹¹ in which the cost of continuing on a certain path appears higher than the cost of seeking an alternative. "Hurting stalemates" can emerge as a result of objective conditions—huge battlefield reversals for one side in an armed conflict, for example. But they are also highly subjective, rooted in the perceptions of key leaders as to their future with and without a negotiated outcome.¹² Influencing perceptions requires offering incentives in addition to meting out punishment. The contours of what a negotiated settlement in Venezuela could look like require extensive consultation. The goal, however, is straightforward—to create the conditions for a free and fair election in Venezuela in which the opposition can openly compete without disadvantage and assume office should it win. Does that goal require institutional reform, especially of the electoral council? Yes. Does it require international observation and perhaps even supervision of the process? Again, yes. Does it require the end of *chavismo* as a political force, or its integration into a functioning, pluralistic democracy? No to the first, yes to the second. Does it require the immediate purging of the military, or the extradition of Venezuelan officials indicted by the United States to face justice in this country? I believe the answer is no.

Successful democratic transitions unfold over time, guaranteeing initially a basic set of new rules of the game, the preservation of the core interests of key actors with the power to threaten or halt the

¹⁰ International Crisis Group, "Gold and Grief in Venezuela's Violent South," February 28, 2019, <https://www.crisisgroup.org/latin-america-caribbean/andes/venezuela/073-gold-and-grief-venezuelas-violent-south>.

¹¹ I. William Zartman, "Ripening Conflict, Ripe Moment, Formula, and Mediation," Bendahmane and McDonald, eds., *Perspectives on Negotiation: Four Case Studies and Interpretations* (Washington, D.C.: Foreign Service Institute, 1986).

¹² Cynthia J. Arnson, ed., *Comparative Peace Processes in Latin America* (Washington, D.C. and Palo Alto: Woodrow Wilson Center Press and Stanford University Press, 1999. 451-54).

transition, and the establishment of processes for the channeling of differences. They require flexibility regarding preconditions and significant and at times deeply distasteful compromises among former antagonists.¹³ Negotiations in the Venezuelan context have an extremely bad name. They were used by Maduro for years to buy time, divide the opposition, and avoid concessions. The question is whether in today's circumstances a true "hurting stalemate" is at hand. I believe that it is, and that it is therefore up to us to marshal the imagination to identify and commit to the needed compromises to bring about a democratic and non-violent outcome to Venezuela's current tragedy.¹⁴

¹³ See Abraham F. Lowenthal, "Trump can't solve Venezuela's crisis alone. Achieving peace will require difficult compromises, not force," NBC News, February 1, 2019; and International Crisis Group, "Negotiating an Exit from Venezuela's Bruising Deadlock," March 4, 2019.

¹⁴ The EU-led International Contact Group could provide a mechanism that avoids the pitfalls of past negotiations with Maduro. Its goals are two-fold: "i) establish the necessary guarantees for a credible electoral process, within the earliest timeframe possible; ii) enable the urgent delivery of assistance in accordance with international humanitarian principles." The group includes representatives of the EU, Germany, France, Spain, Italy, the Netherlands, Portugal, the UK, and Sweden as well as Bolivia, Costa Rica, Ecuador, and Uruguay. See https://eeas.europa.eu/headquarters/headquarters-homepage/57788/international-contact-group-%E2%80%93-meeting-7-february_en. See also, David Smilde and Geoff Ramsey, "El Grupo de Contacto Internacional: la mejor oportunidad de Venezuela," *New York Times en Español*, February 12, 2019.